

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Application of Pacific Gas and Electric Company
for Authority, Among Other Things, to Increase
Rates and Charges for Electric and Gas Service
Effective on January 1, 1999.

(U 39 M)

Application 97-12-020
(Filed December 12, 1997)

Investigation into the Reasonableness of
Expenses Related to the Out-Of-Service Status of
Pacific Gas and Electric Company's El Dorado
Hydroelectric Project and the Need to Reduce
Electric Rates Related To This Non-Functioning
Electric Generating Facility.

Investigation 97-11-026
(Filed November 19, 1997)

Application of Pacific Gas and Electric Company
for Authority, Among Other Things, to Decrease
its Rates and Charges for Electric and Gas Service,
and Increase Rates and Charges for Pipeline
Expansion Service.

(Electric and Gas) (U 39 M)

Application 94-12-005
(Filed December 9, 1994)

Order Instituting Investigation Into Rates,
Charges, and Practices of Pacific Gas and Electric
Company.

Investigation 95-02-015
(Filed February 22, 1995)

**JOINT RULING OF ASSIGNED COMMISSIONER AND ADMINISTRATIVE
LAW JUDGE, PURSUANT TO DECISION 02-04-056, REGARDING
PROCEDURE FOR ATTRITION RATE ADJUSTMENT FOR 2002**

Summary

This ruling determines that Pacific Gas and Electric Company (PG&E) should file an application for an attrition rate adjustment (ARA) for 2002 if it wishes to pursue such relief.

Background

Among other things, Decision (D.) 01-10-059 directed PG&E to file a Test Year (TY) 2003 General Rate Case (GRC). Previously, PG&E had been required by D.00-07-050 to file a TY 2002 GRC. In deferring the GRC and the test year, the Commission stated the following:

We did not address the need for attrition for 2002 in D.00-07-050. Given that we are delaying the GRC until TY 2003, we ask PG&E and other parties to comment on the need for such a proceeding. These comments should be filed and served no later than 15 days from the effective date of this decision. (D.01-10-059, p. 4.)

In response to D.01-10-059, comments on the need for an attrition increase were filed by PG&E and jointly by the Office of Ratepayer Advocates (ORA), The Utility Reform Network, and James Weil (collectively, Consumers). PG&E requested that the Commission issue a decision on its own motion authorizing PG&E to file a 2002 ARA advice letter implementing a gas and electric distribution ARA revenue change. PG&E's comments included a declaration by its Director of Regulatory Analysis in support of PG&E's comments. Contending that any ARA for 2002 is unjustified, Consumers objected to the comment process that was established by D.01-09-059 because it did not provide for reply comments or evidentiary hearings.

On January 17, 2002, PG&E filed a motion asking that the Commission issue an interim decision to ensure that if, at a later date, the Commission approves an ARA for 2002, such adjustment could be made effective as of the

date of the interim decision. PG&E also requested that the Commission establish the process by which it would consider PG&E's request for an ARA for 2002. In response to this motion, the Commission issued an interim order, D.02-04-056, providing that in the event that a 2002 ARA is approved, such authorization may be made effective as of the date of the interim order or such later date as may be determined by the Commission. The Commission also addressed PG&E's and Consumers' requests with respect to the procedures for considering a 2002 ARA by providing for replies to the comments submitted pursuant to D.01-10-059, and, as noted below, by providing for establishment of further procedures based on the replies. PG&E and ORA filed reply comments in response to D.02-04-056.

Discussion

Ordering Paragraph 3 of D.02-04-056 provided for replies to comments on the need for an ARA. It also directed the Administrative Law Judge, in consultation with the Assigned Commissioner, to establish further procedures as necessary and appropriate. We have reviewed the comments submitted pursuant to D.01-10-059 and the replies submitted pursuant to D.02-04-056, and have determined that the necessary and appropriate procedure to consider PG&E's request an ARA for 2002 is for PG&E to file an application for such relief.

With respect to an ARA for 2002, the record before the Commission consists of a round of comments, a declaration, and reply comments. We do not find that this record provides an adequate basis for a Commission decision that either authorizes PG&E to file an advice letter to implement a 2002 ARA or denies an ARA outright. Under the circumstances, we believe the most appropriate, fairest, and most procedurally efficient procedure is for PG&E to file an application that both justifies an ARA and specifies the actual relief sought.

We are mindful of ORA's concern that it is not in a position to staff and litigate a 2002 ARA for PG&E at the same time that it is processing PG&E's TY 2003 GRC. We place a high value on ORA's participation in Commission proceedings, and are troubled that it does not have the resources required to fully participate in the range of matters that come before us. Nevertheless, we believe that PG&E is entitled to have its ARA request considered on the merits, based on a fully developed record. Therefore, pursuant to Ordering Paragraph 3 of D.02-04-056,

IT IS RULED that in the event that Pacific Gas and Electric Company wishes to pursue authorization for an attrition rate adjustment for 2002, it should file an application requesting such relief, and provide notice to its customers of its request in accordance with the Rules of Practice and Procedure.

Dated June 10, 2002, at San Francisco, California.

/s/ CARL W. WOOD
Carl W. Wood
Assigned Commissioner

/s/ MARK S. WETZELL
Mark S. Wetzell
Administrative Law Judge

CERTIFICATE OF SERVICE

I certify that I have by mail this day served a true copy of the original attached Joint Ruling of Assigned Commissioner and Administrative Law Judge, Pursuant to Decision 02-04-056, Regarding Procedure for Attrition Rate Adjustment for 2002 on all parties of record in this proceeding or their attorneys of record.

Dated June 10, 2002, at San Francisco, California.

/s/ ERLINDA PULMANO

Erlinda Pulmano

N O T I C E

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